

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

March 19, 2018

To: Subcommittees on Energy and the Environment Democratic Members and Staff

Fr: Committee on Energy and Commerce Democratic Staff

Re: Hearing on “Fiscal Year 2019 Nuclear Regulatory Commission Budget”

On **Wednesday, March 20, 2018, at 10:15 a.m. in room 2123 of the Rayburn House Office Building**, the Subcommittees on Energy and the Environment will hold a joint hearing entitled “Fiscal Year 2019 Nuclear Regulatory Commission Budget.”

I. NUCLEAR REGULATORY COMMISSION FY2017 BUDGET REQUEST

For fiscal year (FY) 2019, the Nuclear Regulatory Commission (NRC) requested \$970.7 million, an increase of \$35.4 million above the FY 2017 enacted budget. This level of funding provides for 3,247 full-time equivalent employees (FTEs), an increase of 11.8 FTEs as compared to FY 2017. However, for FY 2018, the Commission has been operating at 3,396 FTEs and the FY 2019 budget request represents a decrease of 149 FTEs from those levels.¹

NRC recovers approximately 90 percent of its budget from annual fees assessed to NRC licensees. Accordingly, the net appropriation request for additional revenue from the general treasury for FY 2019 amounts to \$155.3 million, which is a \$42.6 million increase in net general revenues spending when compared with FY 2017 enacted levels.²

In the area of nuclear reactor safety, NRC requested \$474.8 million to support activities at operating nuclear reactors, which is a \$14.6 million increase from FY 2017 enacted levels. This includes funding for completing 700 licensing actions at existing reactors; continuing to

¹ Nuclear Regulatory Commission, Congressional Budget Justification: Fiscal Year 2019 (NUREG-1100, Volume 34) (Feb. 2018) (www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1100/v34/).

² *Id.*

implement lessons-learned from the Fukushima nuclear accident; reviewing seven license renewal applications; and continuing rulemakings.³ There are currently 99 operating nuclear power reactors in the United States, following the shutdown of Fort Calhoun Station in FY 2017.⁴

NRC also requested \$99.1 million to support activities relating to new nuclear reactors, a \$9.1 million decrease from the FY 2017 enacted levels. The request proposes to fund activities that include reviewing two-combined license applications for new reactors; reviewing two design certifications; and supporting inspection activities at reactors under construction.⁵

In the area of nuclear materials and waste safety, NRC requested \$183.7 million to support activities relating to fuel facilities; spent fuel storage; decommissioning and low-level waste; and high-level waste. This figure represents a \$42.4 million increase from FY 2017 enacted levels.⁶

II. PROJECT AIM

In 2014, NRC developed Project Aim to improve efficiency in the agency's internal processes and reduce corporate support requirements. The most significant aspect of this effort involves "re-baselining" the agency's current and projected workload by reviewing lower priority activities that can either be shed or performed with fewer resources.⁷ Examples of Project Aim's objectives include reducing travel, discontinuing or delaying rulemakings, and reducing the hours of telephone operators at the commission.

NRC developed 19 discrete tasks as part of Project Aim with a completion deadline of March 16, 2018.⁸ According to NRC's Congressional Budget Justification for FY 2019, the agency has made significant progress toward ensuring ongoing efficiency and effectiveness.⁹

³ *Id.*

⁴ Nuclear Regulatory Commission, *Congressional Budget Justification Fiscal Year 2019* (Feb. 2018) (www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1100/v34/).

⁵ *Id.*

⁶ *Id.*

⁷ Nuclear Regulatory Commission, *Project Aim* (www.nrc.gov/about-nrc/plans-performance/project-aim-2020.html) (accessed March 15, 2018).

⁸ Nuclear Regulatory Commission, *Project Aim Project Descriptions* (www.nrc.gov/about-nrc/plans-performance/project-aim/descriptions.html) (accessed March 15, 2018).

⁹ *See* note 4.

III. ECONOMIC VIABILITY OF NUCLEAR POWER PLANTS

U.S. nuclear power plants face increased financial pressure stemming from low natural gas prices, increases in the utilization of renewable energy, and flat energy demand.¹⁰ On September 29, 2017, Secretary of Energy Rick Perry announced a Notice of Proposed Rulemaking (NOPR) directing the Federal Energy Regulatory Commission (FERC) to issue a rule requiring organized markets to adopt pricing rules that consider the resiliency characteristics of traditional baseload generation sources. Under the NOPR, generation units with a 90-day fuel supply on site would be eligible for full cost recovery.¹¹ The premise of the NOPR was to provide subsidies for coal and nuclear power generation, both of which have become less economically viable as a result of market dynamics. On January 8, 2018, FERC commissioners voted unanimously to reject Secretary Perry's proposed rule. FERC also charged the regional wholesale market operators with responsibility for determining whether additional action is needed to ensure resilience of the bulk power system.¹²

In the past decade, up to 30 new nuclear plants have been proposed in the United States. Yet, only one project, comprised of two new reactors at Plant Vogtle in Georgia, is currently under construction.¹³ Last year, the V.C. Summer project in South Carolina was canceled due to increasing costs and lengthy construction delays.¹⁴ Over the last decade, NRC's budget for new reactors had increased to align with the numerous proposals and plans for construction of new nuclear reactors. Many of these planned projects, however, were similarly cancelled, and NRC has repurposed its request for increased funding to support the licensing of advanced nuclear reactor technologies.¹⁵

IV. YUCCA MOUNTAIN NUCLEAR WASTE REPOSITORY

On January 29, 2015, NRC issued the final volumes of its Safety Evaluation Report summarizing the Yucca Mountain application, the technical staff's safety review, and staff findings and recommendations. The report noted that DOE's license application met regulatory requirements, except for certain requirements related to ownership of land and water rights. The report recommended "the Commission should not authorize construction of the repository

¹⁰ Congressional Research Service, *Nuclear Energy: Overview of Congressional Issues* (Nov. 27, 2017) (R42853).

¹¹ Memorandum and Order from Secretary Rick Perry, *Secretary of Energy's Direction that the Federal Energy Regulatory Commission Issue Grid Resiliency Rules Pursuant to the Secretary's Authority Under Section 403 of the Department of Energy Organization Act* (September 28, 2017).

¹² Order of the Federal Energy Regulatory Commission, *Order Terminating Rulemaking Proceeding, Initiating New Proceeding, and Establishing Additional Procedures*, 162 FERC ¶ 61,012 (January 8, 2018).

¹³ *Id.*

¹⁴ *S.C. Lawmakers Grapple with Reactor Project Fallout*, E&E News (November 22, 2017).

¹⁵ *See* note 10.

because DOE has not met certain land and water rights requirements...and a supplement to DOE's environmental impact statement (EIS) has not yet been completed."¹⁶

In March 2015, NRC announced that its staff would prepare a supplement to DOE's EIS to address "the impacts of the proposed repository at Yucca Mountain on groundwater as well as the impacts from groundwater discharges to the surface."¹⁷ In May 2016, NRC issued its supplement, finding that the estimated radiological doses in the groundwater surrounding the site are small because they are a small fraction of the background radiation dose.¹⁸

NRC's FY 2019 budget request proposes an increase of \$42.4 million over FY 2017 enacted levels for the Nuclear Materials and Waste Safety Program budget; this figure includes increased funding for licensing activities related to the Yucca Mountain Nuclear Waste Repository. As a part of NRC's High-Level Waste activities, the agency proposes to reinstate the Licensing Support Network for the Yucca Mountain project.¹⁹

V. WITNESSES

The following witnesses have been invited to testify:

The Honorable Kristine L. Svinicki

Chairman

Nuclear Regulatory Commission

The Honorable Stephen G. Burns

Commissioner

Nuclear Regulatory Commission

The Honorable Jeff Baran

Commissioner

Nuclear Regulatory Commission

¹⁶ Nuclear Regulatory Commission, *NRC Publishes Final Two Volumes of Yucca Mountain Safety Evaluation* (Jan. 29, 2015) (www.nrc.gov/reading-rm/doc-collections/news/2015/15-005.pdf).

¹⁷ Nuclear Regulatory Commission Chairman Stephen G. Burns, *Prepared Remarks Before United States Energy Association Meeting, National Press Club* (Apr. 30, 2015) (pbadupws.nrc.gov/docs/ML1512/ML15121A048.pdf).

¹⁸ Nuclear Regulatory Commission, *Supplement to the U.S. Department of Energy's Environmental Impact Statement for a Geologic Repository for the Disposal of Spent Nuclear Fuel and High-Level Radioactive Waste at Yucca Mountain, Nye County, Nevada* (May 2016) (www.nrc.gov/docs/ML1612/ML16125A032.pdf).

¹⁹ See note 10.